

Agenda

UACIM BOARD OF DIRECTORS MEETING

March 9, 1995, 11:00-3:00

UAC Offices, Salt Lake City

11:00 AM	Call To Order & Welcome	Gary Herbert
	Review of Board Member's Absent	Gary Herbert
	Approval of February 16, 1995, Minutes	Gary Herbert
	Ratification on Grand County 1995 Policy Premium	Gary Herbert
	Review of April Membership Meeting Agenda	Gary Herbert
	Annual Schedule for Board of Directors Meetings	Gary Herbert
	Deductible Implementation on Auto Physical Damage Claims	Gary Herbert
	Brokerage Report	Jess Hurlado
	1. Underwriting response on Contaminants, Pollutants, etc.	
	2. Exclusion Clarification of Criminal Abuse Relating to Sexual Harassment	
	3. Board Options regarding Surplus Held in Escrow & Claim Payment Priority	
	4. Renewal 1995	
	5. Insurance Declination Letters for Drivers	
12:30 PM	LUNCH BREAK	
	Inmate Medical Coverage	Sid Groll
	UACIM Administrator	Gary Herbert
	Loss Prevention Report	David Nelson
	Loss Summary and Financial Statement Review	Brent Gardner
	Litigation Committee & Claims Report	Kent Sundberg, Doug Alexander
	1. Claim Settlement Authority Increase	
	2. Box Elder County Third-Party Nursing Home Agreements	
	PRIMA Annual Conference	Gary Herbert
	Other Business	Gary Herbert
3:00 PM	Adjourn	Gary Herbert

NOTES:

UAC INSURANCE MUTUAL MINUTES, BOARD OF DIRECTORS MEETING

March 9, 1995, 11:00 a.m.
UAC Offices

Board Members Present:

Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Dennis Ewing, *Comptroller*, Tooele County Clerk
Ken Brown, Rich County Commissioner
Sid Groll, Cache County Sheriff
Ty Lewis, San Juan County Commissioner
Sarah Ann Skanchy, Cache County Council Member
Gary Sullivan, Beaver County Commissioner

Board Members Absent:

Robert Gardner, *Secretary*, Iron County Commissioner

Others Present:

Kent Sundberg, Utah County Deputy Attorney
Brent Gardner, UACIM Administrator
Sonya White, UACIM Administrative Assistant
David Nelson, UACIM Loss Prevention Manager
Jess Hurtado, UACIM Broker
Keri Chappell, UACIM Broker
Doug Alexander, UACIM Claims Administrator

CALL TO ORDER

Chairman Gary Herbert confirmed that he would be late to this meeting and requested that the Vice Chairman conduct the meeting until his arrival. Gerald called the meeting to order at 11:05 a.m.

REVIEW OF BOARD MEMBERS ABSENT

Robert Gardner phoned the UAC office this morning and confirmed that he would not make it to the meeting due to an illness. Dennis made a motion to excuse Robert from this meeting. Sid seconded the motion and the motion carried.

REVIEW AND APPROVAL OF FEBRUARY 1995 MINUTES

The minutes from the February 1995 meeting were previously reviewed. Gerald requested an update regarding the county building appraisals. Sonya reported that this issue was brought before the Executive Board of the Multi County Appraisal Trust (MCAT) who agreed to have the MCAT Coordinator contact those counties who have not responded to the UACIM request for building appraisals. The Coordinator faxed to Sonya this morning an updated progress report (see attachment #1). The only county that has sent their building appraisals since the third notice went out on March 2 is Wayne County. Cache County has sent their renewal questionnaire. Gerald noted a change to the minutes on page three, second paragraph under **Auto Physical Damage/Personal Use of County Vehicles**, to read, *National Union ~~was~~ has agreed not to raise the 1995 premium rate...* Kent noted, Jess concurred, a change to the minutes on page three under **Loss Summary & Financial Statement Review**, to read, *Utah statute of limitations is four years on civil rights claims and ~~two~~ one years on other claims.* Dennis made a motion to accept the minutes with the above noted changes. Ty seconded the motion and the motion carried.

RATIFICATION ON GRAND COUNTY 1995 POLICY PREMIUM

Brent explained that Gary Herbert, Jess and himself met with the Grand County Council to discuss their questions and concerns regarding the UACIM. Jess worked up a comparison, between the company that was giving Grand County a bid and UACIM, of coverages, deductibles and premiums. There were some special districts that Grand County was willing to insure elsewhere, therefore, a premium reduction was requested. Grand County decided to stay with UACIM and wanted to pay their premium. Upon Jess and Keri's review of the special districts that would no longer be insured under UACIM, Gary felt a 7% premium decrease would be appropriate since the exposure was decreased. Therefore the majority of the Board approved, over the phone, a 7% decrease for Grand County's 1995 premium. Ty made a motion to ratify this decision allowing a 7% decrease to Grand County's 1995 premium. Ann seconded the motion and the motion carried.

1995 LEGISLATIVE SESSION

Brent reviewed the outcome of H.B. 242-Self Insurers Regulation, based on the ability of local government to run their own insurance program without the supervision of the state. This Bill passed the House fairly easily but then the opposition-independent insurance agents and the insurance department came out in full force. After a meeting with the Senate Majority Whip, Leonard Blackham, who used to be part of UACIM, and the Senate President who are in favor of this Bill, passage in the Senate looked favorable. The next days to follow, two significant events occurred, 1) the state Workers Comp Fund and Educators Mutual were lobbying against the Bill through a contracted lobbyist and 2) it was difficult for Leonard Blackham to defend his position against those Senators who are experts in the insurance business. Therefore, the Bill did not make it through the Senate. Brent feels that if the Senators are educated in this purpose then the Bill will have a chance to pass next year.

S.B. 175-Insurance Law Amendments, involving rate filings with the Insurance Department. Self insured mutuals are exempt now but the Insurance Commissioner wants all rates filed with the Insurance Department,. In speaking with Commissioner Wilcox, this Bill was geared more towards the Workers Comp programs but this Bill passed and now the UACIM is subject to these rate filings.

Commissioner Wilcox has requested a meeting with Jess to go over the structure of UACIM and the School Districts Pool. The Board requested that one of the Board Members accompany Jess to this meeting, Jess concurred.

Brent reviewed with the Board a letter he received from the Insurance Department regarding the amendment to the UACIM Certificate of Authority to add lines of authority. Brent discussed this personally with Commissioner Wilcox during the session but a written response has not been given. Gerald made a motion for Brent, with the assistance of Jess, to draft a response and request a hearing regarding surplus and coverage issues. Sid seconded the motion and the motion carried.

The chair was turned over to Gary Herbert.

REVIEW OF APRIL MEMBERSHIP MEETING AGENDA

The Board reviewed the draft of the agenda for the April Membership Meeting. The meeting will begin at 5:00 p.m. on April 12 at the Olympia Park Hotel in Park City. The agenda topics will include: Mandated Requirements, Renewal Questionnaires & Building Appraisal Requests, Implementation of Deductible on Auto Physical Damage Claims, Handling of Claims at a County Level, Loss Prevention Report, UACIM Assistant Administrator, and Questions from the Membership.

ANNUAL SCHEDULE FOR BOARD OF DIRECTORS MEETINGS

The Board agreed to schedule the UACIM Board of Directors meetings for the entire year so that any other meetings can be scheduled around these meetings. Dennis made a motion that the UACIM Board of Directors will meet the third Thursday of each month at 10:00 a.m. Ken seconded the motion and the motion carried.

BROKERAGE REPORT

1. Underwriting response on contaminants, pollutants, etc. Jess explained that National Union denied amending the UACIM coverage form to include this exposure basically due to the penetration of the aggregate coverage for the last two years. Keri has been working with Meadowbrook Insurance Company who is willing to put together a program for UACIM or individual counties but the premium speculation range is from \$1,000 to \$40,000 for this exposure. The Board requested that Jess and Keri look at a few of the counties' data to go through the underwriting process to see what the premiums amount to for a policy relating to the county business of weed spraying and mosquito abatement.
2. Exclusion clarification of criminal abuse relating to sexual harassment Jess is continuing the discussions regarding this exposure with National Union. The underwriter would like to meet with the Board and the Litigation Management Committee (LMC) to discuss this item. The Board requested Jess to invite the underwriter to the May 18 Board of Directors meeting and the LMC meeting on May 17.
3. Board options regarding surplus held in escrow & claim payment priority Jess explained that he has not had a chance to put these options together for the Board pursuant to the Insurance Department examination.
4. Renewal 1995 Jess handed to the Board a Market Review report showing that the UACIM has gone to bid on these particular items (see attachment #2). For 1995, National Union (Jess reviewed this item at the February 16 meeting) agreed to have no change in form and in their base rate but they did change the attachment point. This process will take place each year. The Board requested Kent to review and submit in writing to the Board the state statute requirements for insurance bidding along with the section on interlocal agreements for compliance.
5. Insurance declination letters for drivers Pursuant to the February 16 meeting, Jess was going to provide the Board with copies of letters regarding how other insurance companies deal with drivers who have driving problems. Jess was unable to do this for the Board for this meeting but will have them for the next meeting.

DEDUCTIBLE IMPLEMENTATION ON AUTO PHYSICAL DAMAGE CLAIMS

Brent explained that this implementation has come about due to the escalation of auto physical damage claims. Pursuant to the February 16 meeting, this issue was discussed and the implications these claims have created for negotiating the attachment point with National Union. National Union has given UACIM the option of increasing the deductible for a lower attachment point. Kent reviewed the numbers with the Board of how a \$5,000 or \$10,000 deductible implementation would have affected Utah County and personally felt that National Union was not giving the UACIM a big enough deduction on the attachment point to implement such a high deductible. Jess ran the numbers for implementing a \$1,000, \$5,000 and \$10,000 deductible and found that the biggest impact on the loss fund was the \$5,000 deductible. The Board agreed that if a \$1,000 deductible was implemented it may not help the UACIM with a lower attachment point but it would at least show the underwriters that UACIM is starting to turn things around. Gerald made a motion to increase the auto physical damage deductible from \$500 to \$1,000 effective May 1, 1995. Ken seconded the motion and the motion carried. The Board requested that written notice be sent to the membership on this issue and that a presentation be made at the membership meeting in April.

The Board requested David to review his listing of counties that have an Accident Review Board which meets regularly wherein the employees take responsibility in the claims that are occurring. Also, David should be contacting the counties and sitting in on their Accident Review Boards when severe, frequent or careless claims occur. Sid made a motion for David to provide the Board with a detailed report showing an Accident Review Board in place and operating within each county. Also, provide a detailed breakdown of each county's auto physical damage claims to the membership in April. Dennis seconded the motion and the motion carried.

INMATE MEDICAL COVERAGE

Sid reported that discussion continued at the last Sheriff's Association meeting regarding inmate medical coverage. The final outcome was that individual county sheriffs would approach their commissioners/councils if they felt this additional coverage is needed. The policies reviewed were quite expensive and the Association did not feel it should be a coverage provided by the UACIM.

Legislation has passed this session requiring inmates to make a minimal co-payment on medical expenses, which will help in these costs.

UACIM ASSISTANT ADMINISTRATOR

Kent revised the wording in the job description to reflect assistant administrator duties. Brent reviewed a want-ad for this position titled Risk Manager, which should attract those individuals needed instead of the broad range by the title *assistant administrator*. Dennis made a motion for Brent to proceed with the want-ad and send notice to all the counties. Gary Sullivan seconded the motion and the motion carried.

LOSS PREVENTION REPORT

David reviewed his report with the Board that was previously sent to the Board Members (see attachment #3). David completed a risk review in Box Elder County who had not completed all their recommendations from the prior year. David continues to work with the county road departments addressing the auto physical damage claims and equipment damages that have been occurring. Gerald requested and the Board agreed that David should consolidate his memorandums and letters to the Board into one report.

LOSS SUMMARY AND FINANCIAL STATEMENT REVIEW

Notice was faxed to Sonya this morning from Aon Insurance Management Services that the financial statements for month ending February were not complete and therefore not ready for the Board to review at this meeting.

LITIGATION COMMITTEE & CLAIMS REPORT

1. Claim settlement authority increase Kent explained that Doug has requested his claim settlement authority to be increased to \$25,000. In the past, several telephonic conferences have been held to immediately give settlement authorization on claims over \$10,000. The LMC had discussed an increase to \$20,000 but Doug is now asking for \$25,000 which he feels is standard in the industry. Dennis made a motion to raise the settlement authority (without Board approval) to \$25,000 for physical damage and personal injury claims. Ken seconded the motion and the motion carried.

2. Box Elder County third-party nursing home agreements Pursuant to the February 16 meeting, Kent has reviewed the agreements and has a few concerns involving the shift of liability. Dennis made a motion for Kent to address his concerns in a letter to the UACIM Administrator who in turn will work with Box Elder County to resolve any issues before any reduction of premium is decided by the Board. Ann seconded the motion and the motion carried. The Board agreed to notify Box Elder County to pay their 1995 premium as invoiced and if the Board decides to reduce the premium, a refund will be given.

PRIMA ANNUAL CONFERENCE

The PRIMA Annual Conference is scheduled for June 4-7, 1995. Gerald and Dennis told the Board that they would like to attend this Conference. Ken made a motion for Gerald and Dennis to participate in this Conference. Gary Sullivan seconded the motion and the motion carried.

OTHER BUSINESS

Dennis and the Tooele County Attorney have been instructed to begin the RFP process in June for the county's 1996 insurance coverage. A consultant will be hired for this process to review the county's options. The Board requested Sonya to schedule a meeting with the Tooele County Commission in Tooele for Brent, Jess, Gary and any other Board Members to discuss their concerns.

Ty raised his concerns again regarding interagency agreements, addressed in the **Loss Prevention Report** during the February 16 meeting. There is a real problem in some of the counties where the state fire warden is in charge of the counties' situation. Whoever initiates a call for assistance on a fire is liable to pay for any damages to equipment even if the equipment is not owned by the county. The Board requested Brent to contact Gary Cornell of the state to discuss this issue.

The next Board of Directors meeting is scheduled for April 12 at 4:00 p.m. at the Olympia Park Hotel in Park City.

Aon Insurance Management Services, Inc.
230 West Monroe, Suite #930
Chicago, Illinois 60606

Fax Transmittal Form

Date: March 9, 1995
To: Sonya White
Fax #: (801) 265-9485
From: Dan Borzello (312) 456-8635 Fax (312) 456-8647
Pages: 1 (Including this page)

Comments: Sonya,

Again, I want to apologize for not being able to provide the January Financials to you for today's Board Meeting. Due to the continued year-end work being completed there hasn't been sufficient time to properly put together and review such financials, and I think it's prudent to take some extra time to do so. I will continue to work on the January Financials and forward them to you as soon as they are completed.

I hope this doesn't cause any undue hardship for you or UACIM. Please feel free to call me at 312-456-8635 if you have any questions or concerns. Also, let me know if another date is chosen to review the January Financials.

Thank you for your understanding.

Sincerely,



Date: March 9, 1995
To: UACIM Board Members
From: Ron Perry - MCAT Coordinator

Dear UACIM Board Members:

Pursuant to your request, I have contacted the following counties concerning the status on the appraisal of county buildings for UACIM. The initial contact with the counties was on February 28, 1995 with periodic follow-ups to this date.

Beaver: Assessor Max Limb stated that he has completed the appraisals himself and will be mailing to UACIM by March 13, 1995. This commitment was made this morning.

Duchesne: Talked with assessor Greg Garff and was told that the appraisals were completed and would be sent in to UACIM later in the week of February 28th

Emery: Assessor Jim Fauver has the appraisal completed and states he will mail within several days. This comment was made after the latest letter sent to the counties by UACIM.

Grand: I conversed with Valli Smouse (chief appraiser), and Earl Fires (county administrator). I was told the buildings were currently being appraised, but was not given a time of completion.

Kane: Assessor Richard Swapp commented today that the appraisals are being done by Valli Smouse with a completion date by April 1, 1995.

San Juan: Assessor Bruce Bunker is currently working on the appraisals and did not have a time for completion.

Tooele: On February 28, I was charged to complete the appraisal project by Assessor Jerry Paystrup. As of yesterday, I have started and would expect to have completed within two weeks

Utah: I have talked with Assessor Claude Richards on two occasions. Claude has talked with the commissioners and attorney Kent Sunberg concerning this issue. As of today, no decisions has been made whether the assessor's office will be performing the appraisals or an outside source. There are apparently 20 buildings that need to be appraised and no monies had been appropriated for these appraisals.

Wasatch: I have been informed by Assessor Glen Burgener that the appraisals are being done by Steve Martin (chief appraiser for Summit County). After several conversations, I was told the appraisals will be complete by the end of next week.

Wayne: Assessor Carolyn Moosman commented to me that the appraisals were completed by Valli Smouse and would be in the mail by the first week in March

If I can be of further assistance, please contact me.

Ron Perry - MCAT Coordinator

RISK MANAGER

Self-insured intergovernmental liability pool is seeking an experienced risk manager. Position is responsible to the Executive Director for the programs, activities and overall condition of the pool. Will Supervise day to day operations, including all risk management and loss control activities. Implement Board policies and recommend policy options. Ensure compliance with all state and federal laws. Plan, direct and coordinate risk and insurance programs, loss control activity and claims management to control risks, employees and third party administrators. Extensive knowledge of self insurance concepts, laws and operations. Knowledge of various types of insurance coverages. Knowledgeable in the area of civil rights, personnel and ADA. Bachelor's degree in Public Administration, Business Administration, Insurance, Risk Management or related field or work experience commensurate with the requirements of this position. Legal education and experience preferable. Work experience will include minimum of four years progressive responsibility in risk management services, claims management or claims administration at least two of which must have been a supervisory position. Appropriate insurance industry or professional credentials or licensing are required.

Word Count

Words	174
Characters	1110



Market Review 1994 for UAC Insurance Mutual

The following markets were evaluated for the 1994 Policy period. This market review is conducted on an annual basis for each Pool/Mutual serviced by Aon Insurance Management Services, Inc.

Coregis Underwriting Managers

After submission to Coregis Underwriting Managers we were advised by John M. Schoewe, Underwriter, that for 1994 Coregis would not be willing to provide any type of "Tail Coverage" should Coregis provide a quotation. This is an issue that cannot be discounted at this time. Therefore, Coregis has closed their file for 1994.

North American Re

At our initial meeting interest was expressed by the underwriter, however, after several months of contacting the underwriter, we received no formal response. Therefore, we have closed our file for 1994.

Am-Re Managers, Inc.

We were advised by the underwriter that, in their opinion, the current program with National Union Fire Insurance Company was very competitive, therefore, they declined to quote.

Genesis

Genesis is very interested in providing a quotation. However, due to two factors we were unable to approach Genesis in 1994 for a final quotation. The first is that Genesis will require that their policy form be used in lieu of the current manuscript form. This would be a lengthy process and possibly unacceptable to UACIM. In addition, due to the failure of many of the counties to respond to our request for updated underwriting information we simply did not have the time to complete an adequate underwriting submission.

National Union Fire Insurance Company

Willing to continue the existing program subject to a review of the loss information and the aggregate attachment point. No formal changes to the policy wording of format.

Page 2.

Discover Re

Declined to quote, will not write Employment related discrimination.

Reliance

Declined to quote, no specific reason given.



National Union Fire Insurance Company

1995 Renewal Options

Early on we received conformation from the underwriter that there would be no rate increase for 1995. However, due to the potential for excessive loss in the area of the Aggregate Loss Fund Coverage the carrier wanted to take a very careful look at the 1995 attachment point.

Please keep in mind that the Aggregate Coverage for the Loss Fund is as important to the financial security to the Mutual as the Coverages to the members. Therefore, to lose this coverage due to excessive losses would be a disaster.

So far the projected losses to the Aggregate Loss Fund for 1992 and 1993 are estimated at \$848,178.93 to the excess carrier. This amount of loss is unacceptable from their underwriting point of view. In addition, please note that of all the coverages, this is the one area where the carrier does not anticipate paying for claims.

After careful underwriting and consideration of the actuarial information, an Aggregate Attachment Point was offered at \$2,500,000. This position was rejected by our marketing department and after considerable negotiation the attachment point was reduced to \$2,250,000. We continued to negotiate hoping to bring the attachment point down to a lower level. After weeks of discussion we have finally obtained the following options:

If UACIM implements a \$5,000. deductible for Automobile Physical Damage the attachment point will be decreased by \$100,000. to \$2,150,000.

If UACIM implements a \$10,000. deductible for Automobile Physical Damage the attachment will be decreased by \$140,000. to \$2,110,000.

As you can see, the bulk of the Automobile claims fall in the \$5,000. deductible area.

